GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2221
ANSWERED ON:06.05.2016
Investigation against Chit Fund Frauds
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has constituted any Special Investigation Team (SIT) to investigate cases related to ponzi scheme and chit fund in many parts of the country. If so, the details thereof;

(b) the number of FIRs lodged by investors against such deposit mobilization firms across the country along with the details of money involved in such frauds;

(c) whether any representatives of people is involved with any individual or entities against whom FIRs have been lodged; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) and (b): In compliance to the orders of the Hon'ble Supreme Court of India dated 09.05.2014, Special Investigation Team (SIT) was formed in Central Bureau of Investigation (CBI) on 12.05.2014 to investigate cases of chit fund and Ponzi schemes in the State of West Bengal, Odisha and Assam.

CBI has registered/ investigated Regular Cases relating to chit fund companies and Ponzi schemes in many parts of the country. The year-wise break-up of such cases for the year 2013, 2014, 2015 and 2016 (upto 30.04.16) are as under:-

Years	No. of Cases
2013	06
2014	62
2015	14
2016 (upto 30.04.16)	08
Total	90

The chit fund and Ponzi fraud cases have been referred to CBI by the Constitutional Courts or State Governments, which are/ were registered on the information/ complaints of individual investors in the respective states. Since most of these cases are under investigation/ under further investigation in CBI, the details of exact money involved in such frauds are not available.

The Ministry of Corporate Affairs (MCA) has ordered investigations through Serious Fraud Investigation Office (SFIO) under Section 235 of the Companies Act, 1956 and Section 212 of the Companies Act, 2013 into the affairs of 187 companies (as on 13-04-2016) against whom complaints had been received regarding alleged collection of funds through Multi Level Marketing (MLM) / Ponzi activities from the people in different States of the country.

Securities and Exchange Board of India (SEBI) regulates Collective Investment Schemes (CIS) as defined under section 11AA of the SEBI Act, 1992. SEBI has filed FIRs against three companies and their directors of a total of 274 cases for unauthorized money mobilisation including through CIS instruments during the last 3 years.

(c) and (d): The Representative of People involved relating to chit fund companies and Ponzi schemes are as under :-

1. Shri Madan Mitra, Ex-MLA Govt. of West Bengal;
2. Shri Kunal Ghosh, Hon'ble MP, Rajya Sabha;
3. Shri Srinjoy Bose, Hon'ble MP (Now resigned), Rajya Sabha, presently on bail;
4. Shri Matang Sinh, Ex-Union Minister;
5. Shri Pravat Kumar Tripathy, MLA, Banki Constituency, Odisha Legislative Assembly, Bhubaneswar;
6. Shri Ramachandra Hansda, M.P. Mayurbhanja Constituency, Odisha;
7. Shri Subarna Nayak, Ex. MLA, Keonjhar Sadar, Odisha;
8. Shri Hitesh Kumar Bagartti, Ex. MLA, Khariar Constituency, Odisha;
9. Shri Malla Vijaya Prasad, Ex-MLA, Visakhapatnam, West Constituency, A.P.

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